

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All Political Subdivisions

FROM: Courtney L. Schaafsma, Commissioner

RE: Guaranteed Energy Savings Contracts

DATE: July 29, 2015

On May 7, 2015, Governor Pence signed into law Senate Enrolled Act 500 ("SEA 500"), which amends IC 36-1-12.5-10 and IC 36-1-12.5-12 concerning guaranteed energy savings contracts. This memorandum addresses these changes, which are effective July 1, 2015, as well as the process by which these contracts are now to be submitted to the Department of Local Government Finance ("Department"). Please note that this memorandum is intended to be an informative bulletin; it is not a substitute for reading the law.

I. Legislative Changes

Section 331 of SEA 500 amends IC 36-1-12.5-10 so that a governing body must:

- (1) provide to the Department (rather than the Indiana Office of Energy Development) not more than 60 days after the date of execution of a guaranteed savings contract:
 - (A) a copy of the executed guaranteed savings contract;
 - (B) the:
 - (i) energy or water consumption costs;
 - (ii) wastewater usage costs; and
 - (iii) billable revenues, if any;before the date of execution of the guaranteed savings contract; and
 - (C) the documentation using industry engineering standards for:
 - (i) stipulated savings; and
 - (ii) related capital expenditures; and
- (2) annually report to the Department (rather than the Indiana Office of Energy Development), in accordance with procedures established by the Department, the savings resulting in the previous year from the guaranteed savings contract or utility efficiency program.

Section 332 amends IC 36-1-12.5-12 so that the following information is to be reported to the Department rather than the Indiana Office of Energy Development:

An improvement that is not causally connected to a conservation measure may be included in a guaranteed savings contract if:

- (1) the total value of the improvement does not exceed 15% of the total value of the guaranteed savings contract; and

- (2) either:
- (A) the improvement is necessary to conform to a law, a rule, or an ordinance; or
 - (B) an analysis within the guaranteed savings contract demonstrates that:
 - (i) there is an economic advantage to the political subdivision in implementing an improvement as part of the guaranteed savings contract;
and
 - (ii) the savings justification for the improvement is documented by industry engineering standards.

II. Submission Process

A governing body participating in a guaranteed energy savings contract is required by IC 36-1-12.5 to provide a copy of the executed contract, pre-project energy costs, and documentation of stipulated costs to the Department not more than 60 days after the date of execution of the contract. This can be done by e-mail or mail. The governing body must also report the savings resulting from the contract annually to the Department for the life of the contract, which can be accomplished by submitting a completed Annual Savings Report, available at <https://forms.in.gov/Download.aspx?id=12394>. The report must be e-mailed or mailed to the Department no later than 60 days after the end of each year the savings guarantee is in force.

Starting July 1, 2015, Energy Savings Contracts are to be e-mailed to the Department via gesc_reports@dlgf.in.gov (e-mails sent to gesc_reports@oed.in.gov will be forwarded to the Department's new e-mail address and an alert will be sent to the sender). Over the next year, the Department plans to develop a Gateway interface through which the contracts can be submitted.

Becoming a Guaranteed Energy Savings Contract provider is a three-step process:

- First, a vendor must be registered with the Secretary of State of Indiana to do business with the state. The Department is **not** involved in this process.
- Second, a vendor must be certified by the state Public Workers Certification Board as both a Contractor and Designer. The Department is **not** involved in this process.
- After the first two steps are completed, the Department asks that the vendor complete the application available at <https://forms.in.gov/Download.aspx?id=12391> and submit it to the e-mail address above.

More information about the registration and certification processes is available here: <http://in.gov/dlgf/9476.htm>.

Contact Information

Questions may be directed to General Counsel Mike Duffy at (317) 233-9219 or mduffy@dlgf.in.gov.